



# राजपत्र, हिमाचल प्रदेश

## हिमाचल प्रदेश राज्य शासन द्वारा प्रकाशित

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शिमला, शुक्रवार, 27 सितम्बर, 2013/5 आश्विन, 1935

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हिमाचल प्रदेश सरकार

**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION  
SHIMLA**

NOTIFICATION

*Shimla, the 25th September, 2013*

**No. HPERC/F(5)(3)(1)(SLDC).**—In exercise of the powers conferred by clause (g) of sub-section (2) of section 181 read with sub-section (3) of section 32 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory

Commission (hereinafter called the “Commission” or “the HPERC”) proposes to amend the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011, published in the Rajpatra, Himachal Pradesh, dated 2nd June, 2011 and hereby publishes the proposed draft amendment regulations, as required by sub-section (3) of section 181 of the said Act, read with rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, for the information of all the persons likely to be affected thereby; and notice is hereby given that the said draft amendment regulations will be taken into consideration after the expiry of 21 days from the date of their publication in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may within the aforesaid period be received in respect thereto. The draft Regulations and the explanatory memorandum to these proposed amendments shall also be available on the HPERC website [www.hperc.org](http://www.hperc.org).

The objections or suggestions in this behalf can be sent by post to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Keonthal Commercial Complex, Khalini, Shimla-171002, or by e-mail to [hperc@rediffmail.com](mailto:hperc@rediffmail.com) or by fax to +91-177- 2627162.

## DRAFT REGULATIONS

### PART-I

#### PRELIMINARY

**Short title, commencement and application.**—(1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Charges by State Load Despatch Centre) (First Amendment) Regulations, 2013.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh and shall be applicable for the tariff orders to be issued for the control periods commencing with effect from 1st April, 2014 and thereafter.

**1. Amendment of regulation 3.**—In regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Charges by State Load Despatch Centre) Regulations, 2011 (herein after called the “said regulations”), after clause (19), the following clause (19-a) shall be inserted, namely:—

“(19-a) “**mid-term performance review**” means review of performance of the power system operation company vis-à-vis that approved in the Multiyear Tariff Order undertaken by the Commission during the year after the mid-year of the control period;”.

**2. Amendment of regulation 13.**—For sub-regulation (4) of regulation 13 of the said regulations, the following sub-regulation (4) shall be substituted, namely:—

“(4) For each year of the control period, the Commission shall watch over the actual capital expenditure and capitalization vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization done vis-à-vis approved capital investment plan (capital expenditure and capitalization), shall be done during the mid-term performance review and at the time of true up at the end of control period. ”

**3. Substitution of regulation 14.**—For existing regulation 14 of the said regulations, the following regulation 14 shall be substituted, namely:—

**“14. Mid-term review and True Up at the end of control period.**

- (1) The power system operation company shall file the mid-term review petition and true-up petition in accordance with the timelines specified in **Appendix-I** to these regulations along with the details of capital expenditure including additional capital expenditure, sources of financing, operation and maintenance expenditure, etc incurred for the period, duly audited and certified by the auditors. The true up across various controllable parameters shall be done by the Commission for the previous years of the control period or for the previous control period on the basis of audited accounts made available by the power system operation company during the midterm review or during control period true up in accordance with following principles:
  - (a) any surplus or deficit on account of O&M expenses shall be to the account of the power system operation company and shall not be trued up in ARR;
  - (b) the Commission shall review actual capital investment vis-à-vis approved capital investment;
  - (c) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/audited information and prudence check by the Commission;
  - (d) After true up the variations as approved by the Commission shall be adjusted in the ARR of the next control period or as may be deemed fit by the Commission.
- (2) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission.
- (3) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.
- (4) The end of the one control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyse the performance of the licensee with respect to the targets set out at the beginning of one control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period.”

**4. Amendment of regulation 19.**—In regulation 19 of the said regulations —

- (a) after sub-regulation (1), the following sub-regulation (1-a) shall be inserted, namely:—

## “(1-a) O&amp;M Norms—

- (i) The power system operation company shall propose separate trajectories of norms for each of the components of O&M expenses viz., employee cost, R&M expense and A&G expense;
  - (ii) Norms shall be defined in terms of combination of number of personnel per long/ medium term consumer, number of personnel per MW of capacity handled for long/ medium term consumers along with annual expenses per personnel for Employee expenses, combination of A&G expense per personnel and A&G expense per long/ medium term consumer (or per MW of capacity handled) for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;
  - (iii) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions and interim relief etc., shall be excluded from the norms in the trajectory;
  - (iv) The expenses beyond the control of the power system operation company such as dearness allowance, pension liabilities and terminal benefits in Employee cost etc., shall be excluded from the norms in the trajectory;
  - (v) The One-time expenses and the expenses beyond the control of the power system operation company as per sub-regulations (c) and (d) above shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check;
  - (vi) The norms in the trajectory shall be proposed over the control period with due consideration to productivity improvements and commercial viability;
  - (vii) The norms shall be proposed at constant prices of base year and escalation on account of inflation shall be over and above the baseline;
  - (viii) Based on the proposal submitted by the power system operation company, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;
  - (ix) Till such time the norms are fixed by the Commission, the trajectories of various components of O&M expenses shall be submitted by the power system operation company and determined by the Commission on the basis of the actual costs for the previous years in accordance with the provisions of these regulations;”
- (b) for the sub-regulation (3), the following sub-regulation (3) shall be substituted, namely:—

“(3) The O&M expenses for the nth year of the control period shall be approved based on the formula given as follows:-

$$O\&M_n = R\&M_n + EMP_n + A\&G_n :$$

Where –

$R\&M_n = K \times GFA_{n-1}$ :

$EMP_n = [(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision(Emp)$  ;

$A\&G_n = [(A\&G_{n-1}) \times (WPI_{inflation})] + Provision(A\&G)$  ;

‘K’ is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on power system operation company’s filing, benchmarking of R&M expenses, approved R&M expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

$EMP_{n-1}$  &  $EMP_n$  – employee costs of the power system operation company for the (n-1)th and nth year; (employee cost for the base year would be adjusted for provisions for (n-1)th year for the items corresponding to clauses (iii), (iv) and (v) of sub-regulation (1-a) of regulation 19);

Provision(Emp): Provision corresponding to clauses (iii), (iv) and (v) of subregulation (1-a) of regulation 19, duly projected for relevant year for expenses beyond control of the power system operation company and expected one-time expenses as specified above;

$A\&G_{n-1}$  &  $A\&G_n$  – administrative and general costs of the power system operation company for the (n-1)th and nth year;

Provision(A&G): Cost for initiatives or other one-time expenses as proposed by the power system operation company and validated by the Commission;

$R\&M_{n-1}$  &  $R\&M_n$  – repair and maintenance costs of the power system operation company for the (n-1)th and nth year;

$GFA_{n-1}$  – Gross Fixed Asset of the power system operation company for the (n-1)th year;

$G_n$  is a growth factor for the nth year. Value of  $G_n$  shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on power system operation company’s filings, benchmarking, and approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that, R&M expenses determined shall be utilised towards R&M works only;

Note: After the fixation of norms of various components of O&M expenses as per these regulations, the above formulae shall be suitably modified in line with the provisions.”

**5. Substitution of regulation 20.**—For existing regulation 20 of the said regulations, the following regulation 20 shall be substituted, namely:—

**“20. Return on Equity**

- (1) Return on equity shall be computed on the equity determined in accordance with these regulations and on pre-tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation.
- (2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the base year applicable to the concerned power system operation company as per the latest available audited accounts:

Provided that return on equity with respect to the actual tax rate applicable in line to the power system operation company with the provisions of the relevant Finance Acts of the respective year during the control period shall be trued up separately for each year of the control period during the mid-term review or during true-up at the end of the control period.

- (3) Rate of return on equity shall be rounded off to three decimal points and be computed according to the following formula:—

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t);$$

Where t is the applicable tax rate in accordance with sub-regulation (2) of this regulation.

**Illustration:—**

- i. In case of the power system operation company paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1-0.2096) = 19.610\%.$$

- ii. In case of the power system operation company paying normal corporate tax @ 33.99% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1-0.3399) = 23.481\%.”$$

**6. Amendment of regulation 23.**—In sub-regulation (2) of regulation 23 of the said regulations, for the words and figure “Short Term Prime Lending Rate of the State Bank of India as on the 1st April of the relevant year” the words and figures “average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points” shall be substituted.

**7. Amendment of sub regulation 31.**—For sub-regulation (1) of regulation 31 of the said regulations, the following sub-regulation (1) shall be substituted, namely:—

“(1) The applicant shall file for the Commission’s approval, during the year preceding the first year of the control period or by any other date as may be directed by the Commission, a business plan and CAPEX plan approved by its Management in accordance with these regulations.”

**8. Addition of regulation 31-A.**—After regulation 31 of the said regulations the following new regulation 31-A shall be added, namely:—

**“31-A. Mid-term performance review and True up at the End of Control Period**

**A. Mid-term performance review**

- (1) To ensure smooth implementation of the multiyear tariff (MYT) framework and to address any mid-term changes on account of unexpected outcomes, the Commission shall undertake mid-term review of power system operation company's performance during the control period;
  - (a) The power system operation company shall make an application for mid-term performance review in accordance with the timelines specified in **Appendix-I**. The scope of the mid-term performance review shall be a comparison of the actual performance with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges. The power system operation company shall submit to the Commission all information together with audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in performance from the approved forecast. The mid-term review shall comprise of the following:
    - (i) A comparison of the audited performance with the approved forecast for first two financial years of the Control Period, subject to the prudence check including mid-term correction due to any unforeseen circumstances;
    - (ii) Determination of gains or losses for the first two years of the control period;
    - (iii) Review of ARR for the balance years of the control period in case of any major change in the parameters;
    - (iv) Review of SLDC tariff on account of modification in ARR for the balance years of the control period.

**B. True-up at the end of Control Period**

The power system operation company shall file an application for true-up at the end of the third Control Period on availability of audited accounts for each year of the control period in accordance with the timelines specified in **Appendix-I**. The true-up shall be based on the principles laid down under these Regulations for various parameters of ARR:

Provided that the power system operation company shall submit to the Commission information in such format as may be stipulated by the Commission, together with the audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges."

**9. Substitution of Appendix-I.**—For existing Appendix-I to the said regulations, the following Appendix-I shall be substituted, namely:—

**"Appendix-I**

**[See sub-regulation 9(2), 14(1), Regulation 31-A and regulation 12]**

**SUMMARY OF TIMELINES**

Sr. No.	Description	Filing of the Document by date
1.	Business Plan for the control period	During the year preceding the first year of control period or any other date as may be directed by the Commission.

2.	Filling of Multi Year Petition for the control period	30th November of the previous year to the first year of control period.
3.	Filing of the mid-term performance Review Petition	30th November of the year preceding the fourth year of control period.
4.	Filling of control period true up petition	30th November of the first year of the next control period or along with mid-term performance review petition ”.

By Order of the Commission

Sd/-

Secretary.

## EXPLANATORY MEMORANDUM

### TO AMENDMENTS IN REGULATIONS FOR LEVY AND COLLECTION OF FEES & CHARGES BY STATE LOAD DESPATCH CENTRE

The State Load Despatch Centre (SLDC) was established in Himachal Pradesh in 2002 and was being looked after by Himachal Pradesh State Electricity Board Ltd. (erstwhile HPSEB) till the time the Govt. of Himachal Pradesh ordered the establishment of State Load Despatch Centre as an independent entity in the form of “Himachal Pradesh State Load Despatch Society” vide its order No. MPP-B (13)-2/2010 dated 8.11.2010. HPSEB Ltd. put the services of some of its employees on secondment basis with Himachal Pradesh Load Despatch Society with effect from 17th June 2012 and therefore, Himachal Pradesh Load Despatch Society is deemed to have taken over the functions of State Load Despatch Centre from HPSEB Ltd. with effect from 17th June 2012.

The Himachal Pradesh Electricity Regulatory Commission (HPERC), while adopting the multiyear tariff framework, framed the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 for the MYT Control Period FY 2011-12 to FY 2013-14. The control period FY 2011-12 to FY 2013-14 is nearing completion and therefore HPERC has taken up the exercise to draft the regulations for the next control period by amending the existing regulations on the basis of experiences gained by the Commission during existing control period and to incorporate various progressive measures adopted by other Electricity Regulatory Commissions.

The justification and underlying principles for proposed amendments in the existing Himachal Pradesh State Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 are as follows:

1. In accordance with section 3 of the Electricity Act, 2003, Ministry of Power, Government of India has notified the Tariff Policy on January 6, 2006. Section 5.3 (h)(1) of the Tariff Policy states that:

*“Section 61 of the Act states that the Appropriate Commission, for determining the terms and conditions for the determination of tariff, shall be guided inter-alia, by multi-year tariff principles. The MYT framework is to be adopted for any tariffs to be determined from April 1, 2006. The framework should feature a five-year control period. The initial control period may however be of 3 year duration for transmission*



*and distribution if deemed necessary by the Regulatory Commission on account of data uncertainties and other practical considerations. In cases of lack of reliable data, the Appropriate Commission may state assumptions in MYT for first control period and a fresh control period may be started as and when more reliable data becomes available."*

The existing control period of FY 2011-12 to FY 2013-14 is of three years and the Commission finds that the time is appropriate to move towards five year control period.

2. To ensure smooth implementation of the multiyear tariff framework and to address any mid-term changes on account of unexpected outcomes, the amendments are proposed in the existing regulations so as to introduce the concept of mid-term review during the control period.
3. The RBI has directed all banks to switch over to the system of Base rate with effect from July 1, 2010 by replacing the existing system of Prime Lending Rate. In line with the guidelines issued by RBI, all banks have shifted to the system of base rate.

Accordingly, CERC has amended its working capital regulations for computation of interest on working capital at a rate of State Bank base rate + 350 basis points. In line with the above, it is proposed to replace the existing provision of interest on working capital at SBI Short Term Prime Lending Rate with the SBI Base rate + margin of 350 basis points.

4. The amendment is being made to ensure that the business plan is filed and approved prior to the MYT filings so that the projections are as per business plan of the power system operation company.
5. In existing regulations the R&M expenditure for nth year depends on the Gross Fixed Assets of the (n-1) year and K Factor determined by the Commission on the basis of past R&M costs, benchmarking of these costs and the filings made by Power System Operation Company. It is also proposed to link the R&M expenditure during the control period with the inflation index through these amendments.
6. In view of the change in the applicable tax rates, the changes are proposed in the illustrations to the calculations of return on equity in the Regulation 20.
7. The existing Regulations are being amended for the next Control Period and shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh. These regulations shall be applicable for the tariff orders to be issued for the control periods commencing with effect from 1st April, 2014 and thereafter.

By Order of the Commission,  
Sd/-  
Secretary.

**HIMACHAL PRADESH ELECTRICITY REGULATORY  
COMMISSION SHIMLA**

NOTIFICATION

*Shimla, the 25th September, 2013*

**No. HPERC/F(5)(3)(1)(Trans).**- In exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181 read with sections 61, 62 and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, and after previous publication, the Himachal Pradesh Electricity Regulatory Commission (hereinafter called the “Commission” or “the HPERC”) proposes to amend the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, published in the Rajpatra, Himachal Pradesh, dated 2nd April, 2011 and hereby publishes the proposed draft amendment regulations, as required by sub-section (3) of section 181 of the said Act, read with rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, for the information of all the persons likely to be affected thereby; and notice is hereby given that the said draft amendment regulations will be taken into consideration after the expiry of 21 days from the date of their publication in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may within the aforesaid period be received in respect thereto. The draft Regulations and the explanatory memorandum to the proposed amendments shall also be available on the HPERC website [www.hperc.org](http://www.hperc.org).

The objections or suggestions in this behalf can be sent by post to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Keonthal Commercial Complex, Khalini, Shimla-171002, or by e-mail to [hperc@rediffmail.com](mailto:hperc@rediffmail.com) or by fax to +91-177-2627162.—

**DRAFT REGULATIONS**

**PART-I**

**PRELIMINARY**

**Short title, commencement and application.**—(1) These regulations shall be called the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) (First Amendment) Regulations, 2013.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh and shall be applicable for the tariff orders to be issued for the control periods commencing with effect from 1st April, 2014 and thereafter.

**1. Amendment of regulation 3** - In regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (hereinafter called the “said regulations”)—

(a) for clause (21), the following clause (21) shall be substituted, namely:—

“(21) “**existing project**” means a project declared under commercial operation from a date prior to first year of the control period;” and

(b) after clause (28), the following clause (28-a) shall be inserted, namely:—

“(28-a) **“mid-term performance review”** means the review of performance of the generator undertaken by the Commission for the for the year after the mid-year of the control period and this shall also include the true up of the previous control period and True Up of previous years of the control period; ”.

**2. Amendment of regulation 7.**—In regulation 7 of the said regulations —

- (a) in sub-regulation (3) for the words “CEA/CTU/STU”, the words “CEA/CTU/STU/Distribution Licensee(s)” shall be substituted; and
- (b) for sub-regulation (4), the following sub-regulation (4) shall be substituted, namely:-

“(4) For each year of the control period, the Commission shall watch over the actual capital expenditure and capitalization vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization done vis-à-vis approved capital investment plan (capital expenditure and capitalization), shall be done during the mid-term performance review and at the time of end of control period true up.”

**3. Amendment of regulation 10.**—For regulation 10 of the said regulations, the following regulation 10 shall be substituted, namely:—

**“10. True Up**

- (1) The true up across various controllable parameters shall be conducted by the Commission, for the previous years for which the actual/audited accounts are made available by the generator, at the times and as per principles stated below:—
  - (a) at the times —
    - (i) for the previous years of the previous control period:- along with the petition for determination of ARR cum transmission tariff for the control period;
    - (ii) for the previous years of the control period and for the previous control period:- along with the mid-term performance review during the control period;
    - (iii) for the control period true up:- along with the mid-term performance review of the next control period;
  - (b) as per principles—
    - (i) the Commission shall review actual capital investment vis-à-vis approved capital investment;
    - (ii) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/audited information and prudence check by the Commission;
    - (iii) any surplus and deficit on account of O&M expenses shall be to the account of the generating company and shall not be trued up in ARR; and

- (2) The gain or loss on account of other controllable factors, unless otherwise specifically provided by the Commission shall be to the account of the generating company.
- (3) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission.”

**4. Amendment of regulation 13.**—In regulation 13 of the said regulations—

- (a) immediately after the existing sub-regulation (1), the following sub-regulation (1-a) shall be inserted, namely:—

“(1-a) **O&M Norms** –

- (i) The transmission licensee shall propose separate trajectories of norms for each of the components of O&M expenses viz., employee cost, R&M expense and A&G expense;
- (ii) Norms shall be defined in terms of combination of number of personnel per long/ medium term consumer, number of personnel per MW of capacity handled for long/ medium term consumers along with annual expenses per personnel for Employee expenses, combination of A&G expense per personnel and A&G expense per long/ medium term consumer (or per MW of capacity handled) for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;
- (iii) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions and interim relief etc., shall be excluded from the norms in the trajectory;
- (iv) The expenses beyond the control of the transmission licensee such as dearness allowance, pension liabilities and terminal benefits in Employee cost etc., shall be excluded from the norms in the trajectory;
- (v) The One-time expenses and the expenses beyond the control of the transmission licensee as per sub-regulations (c) and (d) above shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check;
- (vi) The norms in the trajectory shall be proposed over the control period with due consideration to productivity improvements and commercial viability;
- (vii) The norms shall be proposed at constant prices of base year and escalation on account of inflation shall be over and above the baseline;
- (viii) Based on the proposal submitted by the transmission licensee, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;

- (ix) Till such time the norms are fixed by the Commission, the trajectories of various components of O&M expenses shall be submitted by the transmission licensee and determined by the Commission on the basis of the actual costs for the previous years in accordance with the provisions of these regulations;”
- (b) for the existing sub-regulation (3), the following sub-regulation (3) shall be substituted, namely:—

“(3) The O&M expenses for the nth year of the control period shall be approved based on the formula given below:—

$$O\&M_n = R\&M_n + EMP_n + A\&G_n :$$

Where -

$$‘EMP_n’ = [(EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})] + Provision(Emp) ;$$

$$‘A\&G_n’ = [(A\&G_{n-1}) \times (WPI_{inflation})] + Provision(A\&G) ;$$

$$‘R\&M_n’ = K \times (GFA_{n-1}) \times (WPI_{inflation}) ;$$

‘K’ - is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee’s filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

‘CPIinflation’ – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

‘WPIinflation’ – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years before the base year;

‘EMP<sub>n</sub>’ – employee’s cost of the transmission licensee for the nth year (employee cost for the base year would be adjusted for provisions for expenses beyond the control of the licensee and one time expected expenses, such as recovery/ adjustment of terminal benefits, implication of pay revisions, arrears and interim relief.);

‘Provision(Emp)’- Provision for expenses beyond control of the Transmission company and expected one-time expenses as specified above;

‘A&G<sub>n</sub>’ – administrative and general costs of the transmission licensee for the nth year;

‘Provision(A&G)’- Cost for initiatives or other one-time expenses as proposed by the Transmission licensee and approved by the Commission after prudence check;”

‘R&M<sub>n</sub>’ – Repair and Maintenance costs of the transmission licensee for the nth year;

‘GFAn-1’ – Gross Fixed Asset of the transmission licensee for the n-1th year;

‘Gn’ - is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee’s filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate;

Provided that, repair and maintenance expenses determined shall be utilised towards repair and maintenance works only;

Provided further that, the impact of pay revision (including arrears) shall be allowed on actual during the mid-term performance review or at the end of the control period as per audited accounts, subject to prudence check and any other factor considered appropriate by the Commission.”

**5. Amendment of regulation 14.**—In sub-regulation (2) of regulation 14 of the said regulations—

(a) for the Fourth Proviso, the following Fourth Proviso shall be substituted, namely:—

“Provided further that in case of the existing projects, the capital cost admitted by the Commission prior to the start of the control period and the additional capital expenditure projected to be incurred for the respective years of the control period, as may be admitted by the Commission, shall form the basis for determination of tariff.”

(b) immediately after the Fourth proviso, the following Fifth Proviso shall be inserted, namely:—

“Provided also that variations in capital cost of a project on account of cost overruns beyond the value at which the works and/ or supplies are awarded to EPC contractors/ Suppliers shall not be considered as part of the capital cost of the project, unless otherwise the same could be attributed to a force majeure event.”

**6. Amendment of regulation 16.**—For the proviso to clause (c) of sub regulation (2) of regulation 16 of the said regulations, the following proviso be substituted, namely:—

“Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date, shall not be considered for additional capitalization for the purpose of determination of tariff during the control period”

**7. Amendment of regulation 19.**—In regulation 19 of the said regulations—

(I) For the sub-regulation (2) and its proviso, the following sub-regulation (2) shall be substituted namely:—

“(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate as per latest available audited accounts of the concerned transmission licensee:

Provided that in line with the provisions of the relevant Finance Acts of the respective year, the return on equity with respect to the actual tax rate applicable to the transmission licensee during the years of the control period shall be trued up separately for each year during the mid-term performance review and at the end of the control period along with the tariff petition filed for the next control period.”; and

- (II) In illustration (ii) to sub-regulation (3), for the figures and symbol “33.22%”, the figures and symbol “32.99%” shall be substituted.

**8. Amendment of regulation 22.**—In regulation 22 of the said regulations, for the words and figure “Short Term Prime Lending Rate of the State Bank of India as on the 1st April of the relevant year” the words and figures “average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points” shall be substituted.

**9. Amendment of regulation 26.**—In regulation 26 of the said regulations, for the words “Short Term Prime Lending Rate of the State Bank of India” the words and figures “Base Rate of the State Bank of India plus 350 basis points” shall be substituted.

**10. Substitution of regulation 30.**—For regulation 30 of the said regulations, the following regulation 30 shall be substituted, namely:-

**“30. Safety Standards**

The transmission licensee shall develop a safety manual and comply with regulations framed in this regard by the Central Electricity Authority (CEA) under section 53 and section 177 (2) (b) of the Act.”

**11. Amendment of regulation 31.**—at the end of the sub regulation (1) of regulation 31 of the said regulations, the following proviso be inserted, namely:—

“Provided that the Commission during the control period, through separate notification in the Rajpatra Himachal Pradesh, may, after conducting a detailed study change the existing transmission pricing framework in accordance with that adopted by the Central Electricity Regulatory Commission.”

**12. Amendment to regulation 37.**—In regulation 37 of the said regulations, for the words and figure—

“The transmission licensee shall file for the Commission’s approval, on 1st April of the year preceding the first year of the control period or any other date as may be directed by the Commission, a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, interalia, contain-”,

the words –

“In the base year, prior to the filing of multi-year ARR cum Tariff petition, the transmission licensee shall file a business plan approved by its board of directors. The business plan shall be for the entire control period and shall, inter-alia, contain -” shall be substituted

**13. Amendment of regulation 38.**—For the existing sub-regulation (1) of Regulation 38 of the said regulations, the following sub-regulation (1) shall be substituted, namely:—

- “(1) The transmission licensee shall file an application for approval of transmission tariff for each year of the control period consistent with the approved business plan, not less than 120 days before the commencement of the first year of the control period or such other date as may be directed by the Commission.”

**14. Substitution of regulation 39.**—For regulation 39 of the said regulations, the following regulation 39 shall be substituted, namely:—

**“39. Mid-term Performance Review and Review at the End of the Control Period**

- (1) **Mid-term performance review** - The transmission licensee shall make an application for mid-term Performance Review within 120 days before the commencement of the fourth year of the Control Period i.e. FY 2017-18.
- (a) The scope of the mid-term Performance Review shall be a comparison of the actual performance with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges. The transmission licensee shall submit to the Commission all information together with audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in performance from the approved forecast. The mid-term review shall comprise of the following:
- (i) True-up of previous Control Period
  - (ii) A comparison of the audited performance with the approved forecast for first two financial years of the Control Period, subject to the prudence check including pass-through of impact of uncontrollable factors;
  - (iii) Review of controllable parameters
  - (iv) Review of ARR for the balance of the control period in case of any major change in uncontrollable and/ or controllable parameters
  - (v) Review of transmission charges on account of modification in ARR for the balance control period.
- (2) **Review at the end of control period.**—The transmission licensee shall also make an application for Comprehensive Review after the end of the third Control Period on availability of audited accounts for each year of the control period. The comprehensive review shall be based as per the principles laid down under these Regulations for various parameters of ARR:
- Provided that the transmission licensee shall submit to the Commission information in such format as may be stipulated by the Commission, together with the audited account statements, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.
- (3) Towards the end of the control period, the Commission shall review if the implementation of the principles laid down in these regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among



other things, the industry structure, sector requirements, consumer and other stakeholder expectations and the licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next control period.

- (4) The end of the control period shall be the beginning of the next control period and the licensee shall follow the same procedure, unless required otherwise by the Commission. The Commission shall analyze the performance of the licensee with respect to the targets set out at the beginning of the control period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next control period."

**15. Amendment of regulation 43.**—In the Proviso to existing regulation 43 of the said regulations, the date "31st March, 2011" shall be substituted with the words "the end of previous control period,"

By Order of the Commission  
Sd/-  
Secretary.

### EXPLANATORY MEMORANDUM TO AMENDMENTS IN

#### HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011

The Himachal Pradesh Electricity Regulatory Commission (HPERC), while adopting the multiyear tariff framework, framed the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 for the MYT Control Period FY12 to FY14. The control period FY12 to FY14 is nearing completion and therefore HPERC has taken up the exercise to draft the regulations for the next control period by amending the existing regulations on the basis of experiences gained by the Commission during existing control period and to incorporate various progressive measures adopted by other Electricity Regulatory Commissions.

The justification and underlying principles for proposed amendments in the existing Himachal Pradesh State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 are as follows:

In accordance with section 3 of the Electricity Act, 2003, Ministry of Power, Government of India has notified the Tariff Policy on January 6, 2006. Section 5.3 (h)(1) of the Tariff Policy states that:

"Section 61 of the Act states that the Appropriate Commission, for determining the terms and conditions for the determination of tariff, shall be guided inter-alia, by multi-year tariff principles. The MYT framework is to be adopted for any tariffs to be determined from April 1, 2006. The framework should feature a five-year control period. The initial control period may however be of 3 year duration for transmission and distribution if deemed necessary by the Regulatory Commission on account of data uncertainties and other practical considerations. In

cases of lack of reliable data, the Appropriate Commission may state assumptions in MYT for first control period and a fresh control period may be started as and when more reliable data becomes available.”

The existing control period of FY12 to FY14 is of three years and the Commission finds that the time is appropriate to move towards five year control period.

To ensure smooth implementation of the multiyear tariff framework and to address any mid-term changes on account of unexpected outcomes, the amendments are proposed in the existing regulations so as to introduce the concept of mid-term review during the control period.

The RBI has directed all banks to switch over to the system of Base rate with effect from July 1, 2010 by replacing the existing system of Prime Lending Rate. In line with the guidelines issued by RBI, all banks have shifted to the system of base rate. Accordingly, CERC has amended its working capital regulations for computation of interest on working capital at a rate of State Bank base rate + 350 basis points. In line with the above, it is proposed to replace the existing provision of interest on working capital at SBI Short Term Prime Lending Rate with the SBI Base rate + margin of 350 basis points.

The amendment is being made to ensure that the business plan is filed and approved prior to the MYT filings so that the projections are as per business plan of the power system operation company.

In existing regulations the R&M expenditure for nth year depends on the Gross Fixed Assets of the (n-1) year and K Factor determined by the Commission on the basis of past R&M costs, benchmarking of these costs and the filings made by Power System Operation Company. It is also proposed to link the R&M expenditure during the control period with the inflation index through these amendments.

In view of the change in the applicable tax rates, the changes are proposed in the illustrations to the calculations of return on equity in these Regulations.

The existing Regulations are being amended for the next control period and shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh. These regulations shall be applicable for the tariff orders to be issued for the control periods commencing with effect from 1st April, 2014 and thereafter.

By Order of the Commission

Sd/-

Secretary.

## HIGH COURT OF HIMACHAL PRADESH SHIMLA - 171001

### NOTIFICATION

*Shimla, the 23rd September, 2013*

**No.HHC/GAZ/14-220/96-I.**—Hon’ble the Chief Justice has been pleased to grant sanction of 6 days’ earned leave *w.e.f.* 30-9-2013 to 5-10-2013 with permission to prefix Sunday falling on 29-10-2013 and to suffix Dussehra holidays *w.e.f.* 6-10-2013 to 13-10-2013 in favour of Shri Bhupesh Sharma, Additional District and Sessions Judge, Hamirpur, H.P.

Certified that Shri Bhupesh Sharma is likely to join the same post and at the same station from where he proceeds on leave, after expiry of the above period of leave.

Also certified that Shri Bhupesh Sharma would have continued to hold the same post of Additional District and Sessions Judge, Hamirpur, but for his proceeding on leave for the above period.

By order,  
Sd/-  
Registrar General.

## MPP & POWER DEPARTMENT

### CORRIGENDUM

*Shimla-171002, the 26<sup>th</sup> September, 2013*

**MPP-B(1)-1/2013.**—In partial modification to this department notification of even number dated 05-08-2013, the name at Sr. No. 3&4 may be read as Assistant Executive Engineer instead of Additional Executive Engineer and serial numbers may be read from 1 to 8 in continuous.

By order.  
Sd/-  
Pr. Secretary (Power).

## बहुउद्देशीय परियोजनाएँ एवं विद्युत विभाग

### अधिसूचना

तारीख: 26 सितम्बर, 2013

**संख्या: विद्युत-छ: (5)-31/2013.**—यतः हिमाचल प्रदेश के राज्यपाल को यह प्रतीत होता है कि हिमाचल प्रदेश ऊर्जा संचार निगम लिमिटेड, उत्तम भवन, शिमला-4, जो कि भूमि अर्जन अधिनियम 1894 (1894 का पहला अधिनियम) की धारा 3 के खण्ड (सी.सी.) के अन्तर्गत सरकार के स्वामित्व और नियन्त्रण के अधीन एक निगम है के द्वारा अपने व्यय पर सार्वजनिक प्रयोजन हेतु नामतः फाटी/मुहाल/शिलीहार/उपमण्डल तहसील व जिला कुल्लू में 132/220 के0 बी0 उपकेन्द्र के निर्माण हेतु भूमि अर्जित करनी अपेक्षित है अतएव एतद्वारा यह अधिसूचित किया जाता है कि उक्त परिक्षेत्र में जैसा कि निम्न विवरणी में निर्दिष्ट किया गया है उपरोक्त प्रयोजन के लिए भूमि का अर्जन अपेक्षित है।

2. यह अधिसूचना ऐसे सभी व्यक्तियों को जो इससे सम्बन्धित हैं या हो सकते हैं की जानकारी के लिए भू-अर्जन अधिनियम, 1894 की धारा-4 के उपबन्धों के अन्तर्गत जारी की जाती है।

3. पूर्वोक्त धारा द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए राज्यपाल, हिमाचल प्रदेश इस समय इस उपक्रम में कार्यरत सभी अधिकारियों उनके कर्मचारियों और श्रमिकों को इलाके की किसी भी भूमि में प्रवेश करने और सर्वेक्षण करने और उस धारा द्वारा अपेक्षित अथवा अनुमतः सभी अन्य कार्यों को करने के लिए सहर्ष प्राधिकार देते हैं।

4. अत्यधिक आवश्यकता की दृष्टि में रखते हुए हिमाचल प्रदेश के राज्यपाल उक्त अधिनियम की धारा-17 की उप-धारा (4) के अधीन यह निर्देश देते हैं कि उक्त अधिनियम की धारा-5 ए के उपबन्ध इस मामले में लागू नहीं होंगे।

5. भूमि से सम्बन्धित रेखांक का निरीक्षण, कार्यालय, भू-अर्जन समाहर्ता, हिमाचल प्रदेश ऊर्जा संचार निगम लिमिटेड, उत्तम भवन, शिमला-4 में किया जा सकता है।

### विवरणी

जिला	तहसील	फाटी/उपमुहाल	उपकेन्द्र	खसरा नम्बर	रकबा (बीघों में)
कुल्लू	कुल्लू	कुल्लू/शिलीहार	छारौर	3456/2	00-16-02
				3457/2	00-16-14
				3458/2	00-16-18
				3463	01-07-00
				3464	01-02-00
				3465	01-05-00
				3466	01-16-00
				3471/2	00-13-15
				3472/2	00-11-15
				3476/2	00-15-15
				3477	00-10-00
				3478	00-12-00
				3479/2	00-18-04
				3480	00-11-00
				3481	00-11-00
				3482/3	00-13-06
				3488/3	00-02-18
				3492/2/2	00-01-08

कित्ता-18-रकबा तादादी 14-00-15

आदेश द्वारा,  
हस्ताक्षरित/—  
प्रधान सचिव (विद्युत)।